



Health Services
LOS ANGELES COUNTY

October 3, 2006

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 W. Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF THE KING DREW MEDICAL CENTER (KDMC)
CHANGE MODEL
(District 2) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Health Services to utilize the MetroCare option utilizing Harbor UCLA for the management and medical leadership of the combined two hospital campuses as the working model to respond to CMS' recent notice of termination letter and instruct the Director of the Department of Health Services to report back in two weeks with the completed framework for that model.
2. Authorize the Department of Health Services (DHS) to complete the framework for MetroCare and bring it back to your Board in two weeks.
3. Instruct the Chief Administrative Officer, Director of Human Resources, County Counsel and DHS to develop a comprehensive plan for the reassignment of employees and physicians that mitigates the negative impact on current DHS facilities or services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended actions, the Board is authorizing the Department to create an organized delivery system operated by DHS for Service Planning Areas (SPA's) 6 and 8 called MetroCare:

The MetroCare concept was developed applying five key principles that guided how DHS evaluated the options:

- Assure quality patient care that meets national standards
- Meet the critical service needs of this community
- Meet those needs in the community and on the grounds of the current MLK hospital to the extend possible

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran, III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.ladhs.org

*To improve health
through leadership,
service and education.*



www.ladhs.org

- Develop a solution not just for the SPA-6 area, but as part of the Department's broader effort to transform the delivery system
- Build on the proven service integration efforts in the Department

Scope of Services in MetroCare will be:

- Harbor-UCLA Regional Medical Center with full complement of inpatient and outpatient specialty services and a Level 1 Trauma Center Emergency Department.
- Harbor-MLK Community Hospital, with a Basic Emergency Department and core inpatient services to meet community needs at the current KDMC site.
- Multi-specialty Ambulatory Care Center. An expansion and restructuring of current KDMC outpatient clinics to add comprehensive specialty care, infusion services, outpatient surgery, and extended-hour urgent care

The comprehensive health care centers (Long Beach and Hubert Humphrey) and the geographically appropriate DHS and PPP primary care clinics would be incorporated into this system of care.

This option will benefit patients in the area by the preservation of core hospital services in the immediate community, coordinated medically with the specialty programs at Harbor.

Implementation of Strategic Plan Goals

These actions meet the County's Strategic Plan Goal of Service Excellence by promoting best practices for patient care and the Goal of Fiscal Responsibility by investing in public health infrastructure.

Consistency with DHS System Redesign

These actions meet DHS' strategic goals by improving access to health care services to residents of Los Angeles County.

BACKGROUND:

Your Board is all too well aware of the struggles to improve quality of care at KDMC over the past years. Through several iterations of departmental leadership, changes of county hospital administrators, hiring of contract consultants and hospital administrators, DHS has spent significant time and resources attempting to address the patient care problems at KDMC. The most recent year's efforts and the hiring of Antionette Smith Epps and her new team and the considerable sums invested into the physical plant were thought to finally bring home the definitive step of passing the Centers for Medicare and Medicaid Services (CMS) certification and moving on to restore Joint Commission accreditation.

To the great disappointment of us all, in the final analysis there had not been enough progress for CMS to pass the hospital. Your Board has deferred a decision of whether to formally appeal CMS findings and conclusion, with the instruction to the Department to engage in the informal response process to address the accuracy and appropriateness of some of CMS' findings. However, it would be extremely difficult for DHS to offset all of the negative outcomes in the report. The bottom line is that KDMC was found out of compliance on nine of the twenty three standards.

In its letter CMS stated that it will discontinue its funding after November 30th, allowing a maximum of 30 additional days to phase out any remaining inpatients. This means the loss of approximately \$200 million of the hospital's almost \$400 million total budget. Clearly, it will be impossible for all services to be sustained following such a loss. The Department of Health Services sees no choice but to move forward and propose a model of service acceptable to CMS that will provide needed care to those now served by KDMC. The timeline imposed by CMS means that DHS has 58 days to develop and obtain approval of the model in order to be eligible for CMS' continuation of support.

Options:

The choices for preserving patient care services in the KDMC service area were communicated to the Department by CMS in its determination letter of September 22, 2006. While many other possible choices can be imagined, the Department has to present options that the federal regulators view as viable and that achieve DHS objectives of providing quality medical care that meets national standards. It is important to point out that it was not until Friday the 22nd of September, when CMS conveyed its findings and options letter, that the acceptable options were presented to the Department.

Option 1: Apply for re-instatement of the current KDMC certification and continue to work towards compliance.

CMS, in its letter of September 22, 2006, said that "given both recent findings and the 32 months of recent history, we will decline to approve further Medicare re-surveys for compliance under the existing provider agreement."

In discussion with CMS officials, it is unmistakably clear that continuing on the path of attempting to make incremental improvements while we operate in our current hospital configuration will not be acceptable to them. While we continue to believe that KDMC made substantial and important progress, we were unable to go far enough, fast enough. Our objective assessment leads us to not recommend this option.

Option 2: Transfer the ownership of the hospital from the County to a new entity.

This option as it is envisioned by the Department would transfer the operations of the hospital to an experienced private organization with a proven track record of operational excellence, commitment to serve all members of the community, and the management and leadership capabilities to step in and successfully re-invent the hospital.

Catholic Healthcare West (CHW) engaged in preliminary discussions with the Department at the request of the County to explore suggestions for operational and leadership improvements.

CHW provided valuable insight and support to DHS as the contingency plans developed. CHW also worked closely with the County to open a new Trauma Center at California Hospital when the KDMC Trauma Center closed.

On September 29, 2006, DHS met with CHW to update our understanding of the situation and to determine CHW's willingness to be a part of the solution. CHW expressed willingness if requested by the Board of Supervisors to work as a partner with the County to re-invent KDMC to meet the needs and operate within CMS requirements.

Although there is no detailed document of CHW's key strategies for KDMC, this is DHS' understanding of the important components:

1. KDMC would have to be dramatically reconfigured to simplify its service offerings.
2. The County would be responsible for re-assigning all employees and physicians to other county operations.
3. The hospital would probably have a limited role, if any, in medical education.
4. The County would be required to maintain the current funding levels into the future.

CHW wanted to be clear that it views this project as its contribution to preserving vital safety net services. It envisions a long-term dialogue with the County about the broader issues of the Los Angeles area safety net.

The County was also approached by the Daughters of Charity, which operates St. Francis in Lynwood and St. Vincent's Medical Center in Los Angeles regarding their potential interest in being a part of the MLK solution.

We are appreciative of both CHW's and the Daughter of Charity's willingness to work with the County in offering their time, talent and support to preserving services in the community. However, given the time remaining it would be extremely difficult if not impossible to effect a contract within 60 days. The Department is therefore not able to recommend this option.

Option 3: Dramatically reconfigure and combine KDMC under one of the current four DHS accredited and Medicare-certified hospitals.

This option, not initially offered as a choice to DHS, would require KDMC to be dramatically redesigned. It is the view of CMS that the new Martin Luther King (MLK) Hospital, to meet CMS requirements, must be simpler and smaller.

Complex tertiary services that require numerous specialty doctors and staff impede the hospital's ability to operate its basic services in a compliant way. Teaching programs add complexity and additional requirements for oversight, and create concerns about management of the medical care in the hospital.

As a result, this option proposes a substantial reconfiguration of KDMC. Hospital services at the MLK site would be simplified to basic medical-surgical and intensive care. A Basic Emergency Department, with physicians on duty 24 hours a day, would be maintained.

To implement this solution, MLK Hospital must operate under one of our four certified, accredited hospitals. Olive-View was ruled out because it does not meet a State fifteen mile proximity rule and does not offer the proximity necessary to effectively integrate services, and Rancho Los Amigos was eliminated because it specializes in rehabilitation and not acute care or emergency. LAC-USC could be an option, but was not selected because of its priority to move into the new hospital next year. As a result, Harbor-UCLA, eight miles away, was selected for its combination of clinical excellence, outstanding administrative, medical and nursing leadership, and breadth of services.

Recommendation:

Create an integrated County-operated system of care called MetroCare under the auspices of Harbor-UCLA Medical Center and encompassing all services and facilities in the current Southeast and Coastal Clusters (Attachment I).

FISCAL IMPACT/FINANCING:

This will be evaluated and presented to your Board in the subsequent board letter.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The Department proposes to consolidate at Harbor-UCLA Medical Center the current King Hospital's complex and/or low volume services such as: Pediatrics, NICU and High Risk Obstetrics and select surgical subspecialties (Attachment II).

Harbor-MLK Hospital would offer core inpatient and emergency services. That site would also have an expanded and enhanced array of outpatient services configured as a Multi-specialty Ambulatory Care Center (Attachment III).

Management and medical staff oversight would become the responsibility of the combined Harbor-UCLA and Harbor-MLK hospitals.

Employees and physicians currently at KDMC will be re-assigned to other DHS services. To prevent the disruptive impact of previous staff changes, the Department does not recommend a cascade of KDMC staff, displacing other departmental employees.

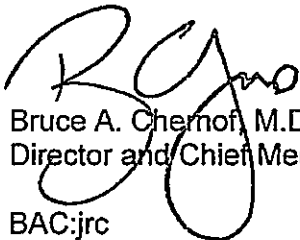
Under this option, MLK will operate as a typical community hospital, staffed by employees and physicians selected by the new Harbor-MLK leadership. The physicians needed will most likely be a combination of employed and contracted depending on the service needs. The initial available beds for the hospital are projected to be 114, which will accommodate a potential census of 100 patients.

CONCLUSION

There are numerous operational, technical and legal issues which need to be considered and resolved in implementing this option, such as evaluating the specifics of how the consolidation will be accomplished for purposes of, and how it will be viewed by, the various regulatory agencies overseeing the two facilities. In addition, this option will necessitate a Beilenson hearing given the proposed reduction in services. DHS will continue to work with the Chief Administrative Office, the Department of Human Resources, County Counsel and other internal and external stakeholders in identifying and addressing those issues with the intention of presenting additional detail through future reports to your Board.

Once approved, please return one adopted copy of this letter to the DHS.

Respectfully submitted,



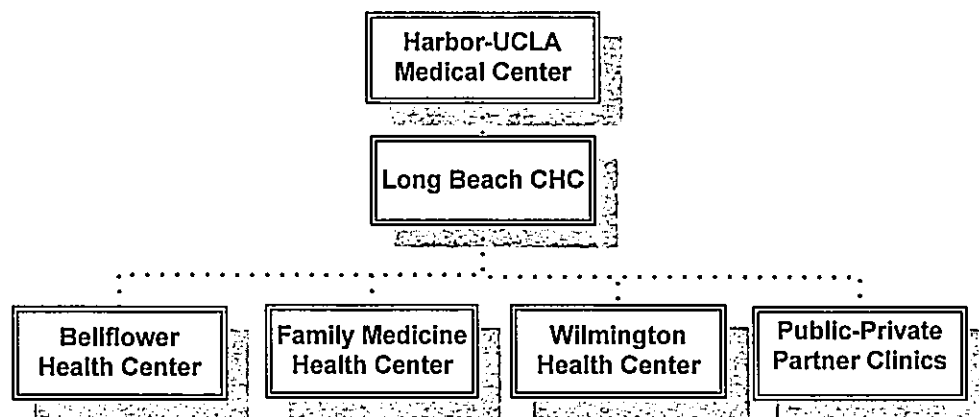
Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:jrc

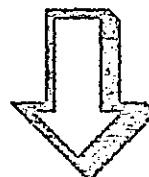
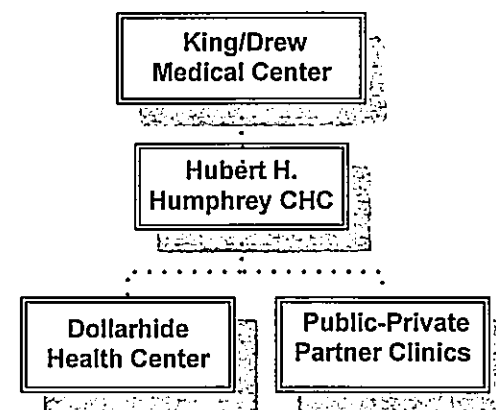
Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Director, Department of Human Resources

CURRENT COASTAL CLUSTER



CURRENT SOUTHWEST CLUSTER



METRO-CARE

Harbor-UCLA Regional Medical Center	
Harbor-MLK Community Hospital	Long Beach Comprehensive Health Center
MLK Multiservice Ambulatory Care Center	Hubert H. Humphrey Comprehensive Health Center
Primary Care Network <u>County-operated</u> Belflower Health Center Dollarhide Health Center Family Medicine Health Center Wilmington Health Center	
Public-Private Partner Clinics	

COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES

HARBOR-MLK COMMUNITY HOSPITAL

	Available Beds	Day 1	Current available budgeted beds; w/out psych	Current Average Daily Census (ADC)
Beds:	114	-	154	153
M/S	90	30	-	-
ICU/CCU	24	12	-	-

Services Offered:

Routine Surgery
General Medicine including GYN
Basic Emergency Room

Inpatient Services transferred elsewhere in DHS or contracted:

Obstetrics – current volume (50/mo) probably too small to staff efficiently and provide effective care. Refer patients to Harbor or private hospitals. May be considered in final model.

Nursery – same as obstetrics.

Neonatal ICU- relocate to Harbor to support deliveries there.

Pediatrics – relocated to Harbor.

Neurosurgery – relocated to Harbor.

Cardio-thoracic surgery – relocated to Harbor.

Complex orthopedic surgery – relocated to Harbor.

Ophthalmology – relocated to Harbor.

Oral maxillofacial surgery – relocated to Harbor.

Otolaryngology – relocated to Harbor.

Services remaining under LAC+USC, in Augustus Hawkins Mental Health Center:

Psychiatric Inpatient – Adult and Adolescent

Transition Issues:

- Reassign all staff and physicians to other DHS services.
- Implement 24 hour high end Urgent Care with contract physicians.
- Interview for new staff, and physicians; stage hiring
- Concentrate inpatients on 4th Floor, using three 30-bed nursing units
- Bring up 30 medical surgical beds initially and a 12 bed combined ICU/CCU
- Restart Emergency Department, with contract physicians

COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES

Multi-Service Ambulatory Care Center (MACC) Scope of Services

Clinic Service	Current Volume	MACC Projected Volume
Community Health	4,919	5,000
General Medicine	39,241	42,000
Dental/Oral Maxillofacial	7,539	9,000
Neuroscience	4,570	5,000
Women's Health	13,515	14,000
Occupational Therapy	1,007	1,000
Ophthalmology	11,820	12,000
Orthopedics	7,019	7,000
ENT	8,214	8,000
Pediatrics	11,337	20,000
Physical Therapy	7,013	7,000
Radiology	5,713	6,000
Surgery	18,572	19,000
Urgent Care	13,500	20,000
Outpatient Surgery	2,598	3,000
OASIS	5,615	6,000
Infusion	4,908	6,000
Total	167,100	190,000

HARBOR MLK OUTPATIENT SERVICES TRANSITION TO MACC

- All existing clinics remain on the MLK Community Hospital site.
- Add Comprehensive Infusion Clinic.
- Expand OB GYN clinic into Women's Health Clinic.
- Increase operating hours for urgent care from 16 to 24, and add capability to increase urgent visits from surrounding areas.
- Extend hours and capacity for outpatient surgery.
- Relocate and centralize clinics now, dispersed across inpatient units, for efficiency of support services and patient access.